P.A.C. 102-I

PUBLIC ACCOUNTS COMMITTEE (1963—64)

TWENTY-SIXTH REPORT

(THIRD LOK SABHA)

[Action Taken by Government on the Outstanding Recommendations of the Public Accounts Committee contained in their 3rd, 7th, 8th, 9th, 10th and 12th Reports (Third Lok Sabha) relating to Civil Accounts and 4th and 11th Reports (Third Lok Sabha) relating to Defence Services Accounts.

VOL. I—REPORT

LOK SABHA SECRETARIAT
NEW DELHI
April, 1964
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(1963-64)

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PUBLIC ACCOUNTS COMMITTEE
(1963-64)

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SECRETARIAT

Shri H. N. Trivedi—*Deputy Secretary.*

Shri Y. P. Passi—*Under Secretary.*

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*Appointed as the Chairman of the Committee on 17-4-1964 *vice* Shri Mahavir Tyagi, ceased to be a Member of the Committee on his appointment as a Minister.

**Declared elected on the 29th November, 1963 *vice* Shri Bhakt Darshan ceased to be a Member of the Committee on his appointment as Deputy Minister.

***Declared elected on the 29th August, 1963 *vice* Shri Nawab Singh Chauhan.

†Ceased to be Members of the Committee consequent on thier retirement from Rajya Sabha on 2-4-1964 under article 83(1) of the Constitution.

INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Twenty-sixth Report on the action taken by Government on the recommendations of the Committee contained in their 3rd, 7th, 8th, 9th, 10th and 12th Reports (1962-63) relating to Appropriation Accounts (Civil) and Audit Reports thereon, and their 4th and 11th Reports relating to the Defence Services Accounts.

2. The Committee considered the notes showing action taken or proposed to be taken by Government on the recommendations of the Committee in their above-mentioned Reports and approved this Report at their sitting held on the 25th April, 1964.

3. A brief record of the proceedings of the sitting of the Committee has been maintained and forms part of the Report (Part II).

4. A statement showing the summary of the main conclusions/ recommendations of the Committee is given in Appendix II. For facility of reference these have been printed in thick type in the body of the Report.

5. The Committee place on record their appreciation of the assistance rendered to them in their work by the Comptroller and Auditor General of India.

NEW DELHI-1;
April 25, 1964
Vaisakha 5, 1886 (*Saka*).

R. K. KHADILKAR,
Chairman,
Public Accounts Committee.

I

GENERAL

In paras 1 and 2 of their 12th Report, the Public Accounts Committee (1962-63) had pointed to the need for expeditious submission of notes/statements pursuant to the recommendations of the Committee. Appreciating the difficulties experienced by the Ministries in finalising these notes etc., the Committee had then agreed to extend the time limit for submission of these statements from 1 month to 3 months from the date of the presentation of the Report to the House. **While the Committee are glad to observe that there had been some improvement in the furnishing of these statements by the various Ministries, they still find that in a number of cases, these statements are over due for more than 1 year. The Committee trust that the Ministries will pay greater attention to this matter and expedite the submission of these notes within the time limits prescribed by them.**

2. In accordance with a decision taken by the Committee last year (c.f. para 2 of the 12th Report, 3rd Lok Sabha) the notes/statements showing action taken on the recommendations of the Committee contained in their 3rd, 7th, 8th, 9th, 10th and 12th Reports (Third Lok Sabha) relating to Civil Accounts and 4th and 11th Reports (3rd Lok Sabha) relating to Defence Services Accounts have been appended to this Report without any comments. However, some selected cases have been dealt with in the succeeding paragraphs.

3. As regards notes/statements furnished by the Ministries pursuant to recommendations of the Committee contained in their Reports of 2nd Lok Sabha [Appendix II to 12th Report (3rd Lok Sabha) relating to Civil Accounts and Part III of Eleventh Report (3rd Lok Sabha) relating to Defence Services Accounts] **comments in selected cases have been detailed in the subsequent paragraphs of this Report; the Committee do not wish to make any comments on the remaining items. These notes have not been appended to the Report. The Committee, however, trust that necessary action will continue to be taken on these cases in the light of their observations/recommendations made earlier.**

4. In the following cases replies furnished by the Ministries are of an interim nature and the Committee would, therefore, await further

reports thereon:—

Para No. of P.A.C. Report	Appendix No./ Serial No.	Ministry/Department concerned
1. 32 of 8th Report (1962-63)	IV(29)	Education
2. 42 of 8th Report (1962-63)	IV(39)	External Affairs
3. 118 of 8th Report (1962-63)	IV(115)	Deptt. of Supply
4. 125 of 8th Report (1962-63)	IV(122)	Deptt. of Rehabilitation
5. Para 239 of 42nd Report and Serial No. 141 of Appendix II to 12th Report	II(14)	Deptt. of Works & Housing
6. Paras 4, 7, 15, 21, 36, and 39 of 4th Report (1962-63)	II(6), (9), (17), (23), (39), and (42)	Defence

5. A list of recommendations of the Committee in respect of which the notes are still awaited is given in Appendix I. **The Committee desire that the submission of these notes may be expedited.**

II

CIVIL ACCOUNTS

Ministry of Education

Presentation of Audit Reports on the Accounts of Central Universities to Parliament—Paras 58 *to* 60 *of* 42*nd Report* (1961-62)— *Vol. I* (*Appendix II—Serial No.* 24 *of* 12*th Report* (*Third Lok Sabha*).

6. Commenting upon the question of presentation of Audit Reports on the Accounts of Central Universities to Parliament, in para 60 of their 42nd Report, the Committee (1961-62) observed as follows:

> "While the Committee are in no way less anxious than the Ministry to preserve the financial autonomy of the Central Universities, they are unable to share the Ministry's apprehension that presentation of Audit Reports on the Accounts of these Universities to Parliament might infringe their financial autonomy or result in making their financial affairs a subject of public controversy. They would, in this connection, draw attention to para 85 of the 7th Report of P.A.C. (1952-53). The Committee would, therefore, again urge that in defence to the long standing desire of the P.A.C. and the repeated assurances given by Government pursuant thereto, early steps should be taken by Government to present Audit Reports on the Accounts of these Universities to Parliament and to incorporate the necessary provision in the relevant statutes."

The Committee have been informed by the Ministry that the matter is still under consideration with the authorities concerned. Time is stated to have been taken mainly in finding out the practice prevailing in State Universities.

The Committee feel concerned over the inordinate delay in taking a final decision in this matter. They would like to point out in this connection that as early as 1954-55 in pursuance of the recommendation of the Public Accounts Committee in their 7th Report (1952-53), the Ministry of Education had informed the Committee *inter alia* that early steps would be taken to make a statutory provision for submitting the Audit Reports of the Comptroller and Auditor General on

all the Central Universities to Parliament (Para 43 of 15th Report, 1st Lok Sabha). Further, more than two years have elapsed since the Committee last reiterated their views in this regard. The Committee, therefore, cannot help observing that this matter has not been given the attention it deserves. They trust that the final decision would now be expedited.

Ministry of Finance

Grants to State Governments—Para 22, pages 19-20 of 8th Report of P.A.C. (Third Lok Sabha) Appendix IV, Serial No. 19

7. In respect of the saving of Rs. 35·11 lakhs referred to in the Appropriation Accounts (Civil), 1960-61, on page 100—Grant No. 7-B, 3(1)(8)(1)—Grants to State Governments, the Committee (1962-63) were informed that in November, 1958 it was agreed in principle to grant Central assistance to States for the training Scheme of Panchayat Secretaries to the extent of 50 per cent of the cost of the Scheme. In January, 1959 it was felt that the State's share of expenditure on the scheme on a matching basis would burden their already depleted finances. The final decision taken in June, 1960 was that the Central share of non-recurring expenditure would be 75 per cent and the State share 25 per cent in the case of expenditure not exceeding Rs. 5,000 per centre. With regard to recurring expenditure not exceeding Rs. 275 per trainee in the first and second year, the share of the State and the Centre was on 50 per cent basis tapering on the third and fourth year, etc. In reply to a question as to why Parliament could not be apprised of the final decision in time, it was stated that this matter was under consideration and that a final decision was taken only in June, 1960 when the budget provision had already been approved by Parliament. The Committee desired the Ministry of Finance to examine whether it would not be desirable to keep Parliament informed when the basis and pattern of Central assistance to the States as originally approved by Parliament subsequently underwent a change.

The Committee (1963-64) have been informed by the Ministry of Finance (Department of Economic Affairs) that the matter was under consideration and a further reference would follow. (Appendix VI, Item 9).

The Committee hope that an early decision will be taken by the Ministry of Finance in this regard. The Committee would like to be apprised of the decision.

Ministry of Food & Agriculture

(Department of Agriculture)

Suspected loss of Government money due to non-observance of financial rules—Para 82—Thirty-fourth Report (2nd Lok Sabha)

8. Commenting upon the non-accountal of Government money by the cashier of an office and the resulting loss, the Committee had observed that the departmental investigations should be expedited and that the officers at fault dealt with suitably.

In a note (Appendix VII) submitted to the Committee in August, 1963, the Ministry had stated that the departmental proceedings against the cashier were in progress and were likely to take some time before a final decision was taken; the Ministry also advised that no action was being taken against the supervisory officers, as the extent of their responsibility would be known when the detailed enquiry was completed against the cashier.

The case was reported in April, 1960, in the Audit Report, 1960 and the Committee had made their observations in March, 1961. The Committee regret that apart from the undue delay in completing the departmental proceedings, the question of fixing responsibility on the supervisory officers for the defective supervision has not been taken up at all and is proposed to be postponed until the enquiry against the cashier is completed. **The Committee consider it important that in all such cases the investigation of responsibility for failure of supervision should be taken up at a very early stage and completed without delay; the postponement of such action for a period of some years will not serve any useful purpose. The Committee recommend that suitable procedural instructions should be issued by Government for the guidance of all concerned.**

Outstandings against North Andaman Licensee—Para 46 of 7th Report (1962-63) (Appendix III—Serial No. 39).

9. Commenting upon the defective working of the contract with the licensee in North Andaman for extraction of timber, in para 46 of their 7th Report, the Committee (1962-63) had observed as follows:

> "The Committee regret to note that the firm had failed to furnish the quarterly statements required under clause 18 of the Agreement and that on one or two occasions Government had to hold back their funds in order to make payments of wages of labour in Andamans not paid by the

Company. They consider it unfortunate that no action was taken when statements were not furnished by the firm. They are sorry to learn that despite their recommendation made last year (1961-62), the Ministry of Law were still busy collecting necessary material for obtaining the view of the Attorney-General."

In a note (Appendix VII, Item 8) submitted by the Ministry of Food and Agriculture (Department of Agriculture), the Ministry has regretted that the correct position was not fully explained to the Committee by the representatives of the Department of Agriculture during evidence before the Committee on 18th September, 1962. The correct position was that the necessary material for obtaining the view of the Attorney General was being collected by the Department of Agriculture to enable the Ministry of Law to prepare the case for obtaining the opinion of the Attorney General. **The Committee would like to emphasise again that the representatives of the Ministries and Departments appearing before the Committee should come fully posted with facts and furnish accurate information to the Committee. They would also invite attention in this connection to para 15 of this Report.**

10. It has also been stated in the note submitted by the Ministry that the views of the Attorney General have since been obtained. Thereafter, Government has reviewed the whole position. In exercise of powers conferred by sub-rule (4) of Rule 125 of the Defence of India Rules 1962, the Central Government has appointed an Authorised Controller with effect from 24th May, 1963 to ensure that the company does its job strictly in accordance with the North Andamans Agreement of Licence. The Authorised Controller issued directive to the company on 21st June, 1963 and the progress made by the licensee in exploiting North Andaman Forests is being watched.

While the Committee note the steps taken by the Ministry to ensure that the Company does its job strictly in accordance with the North Andamans Agreement of Licence, they observe that the arbitration proceedings in this case have not yet been finalised. They would reiterate their earlier recommendation that this should be expedited and the Committee informed of the results.

World Agriculture Fair, 1959—Letting out of exhibition grounds without finalising the terms and conditions—Para 51 of 8th Report (1962-63) (Appendix IV—Serial No. 48)

11. In para 51 of their 8th Report (1962-63), the Committee had desired *inter alia* to be informed about the recovery of Government

dues from the Bharat Krishak Samaj. The Committee were informed by the Ministry of Works, Housing and Rehabilitation (Department of Works and Housing) that the Government had since referred the whole dispute *i.e.* the claim of the Bharat Krishak Samaj as well as the claim of the Government to Arbitration. **The Committee would like to await the result of arbitration.**

12. The Committee (1962-63) had also recommended in this connection that in cases where financial assistance is given to Societies or Organisations which resort to profit making, it should be in the form of loans and not grants. **The Committee have not yet been informed of the final decision taken in this regard. They desire that this should now be expedited.**

13. As regards observations of the Committee that it would be advisable for the Government to lay down certain broad and healthy conventions and formalities to be observed by persons holding high official position when they are either participants or patrons of non-official organisations which have any financial dealings with the Government, the Committee have been informed by the Ministry of Home Affairs (Appendix X, Item 4) that some instructions in this regard have already been issued for the guidance of the State Governments (copies of which were also endorsed to all the Ministries). However, the question of issuing further instructions on the subject was stated to be under consideration. **The Committee would like the Ministry to expedite this matter and to apprise them of the instructions issued.**

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14. While on the subject, the Committee also consider that in future, where Government Departments or statutory corporations take up, on rent, land etc. leased earlier by Government to outside parties, the rent payable and the dates on which they should be paid should be settled in consultation with the Ministry which originally leased out the land to the outside parties concerned. [In this connection, the Committee would invite a reference to another case of this kind reported in paragraph 24 of their Eighteenth Report (Third Lok Sabha) in which they have commented upon the irregular financial benefit derived by the Delhi Cloth Mills by their leasing to the Hindustan Insecticides Ltd. (a Government concern) a portion of the land originally allotted to the Mills by the Delhi Development Authority].

Ministry of Home Affairs

Non-recovery of a loan—Paras 110—112 *(Part I) and Paras* 55—62 *(Part II) of the* 42*nd Report (Second Lok Sabha) (Appendix I—Serial No.* 57)

15. An interest free loan of Rs. 25,000 was paid to the Criminal Tribes Welfare Board (an unregistered private body) for starting industries in a reclamation colony at Delhi with the object of providing gainful occupation for the members of a backward community. The first instalment of Rs. 5,000 was paid on 21st March, 1952 and the balance of Rs. 20,000 was disbursed on 31st March, 1953. The terms and conditions for repayment of the loan were not prescribed initially or even before the payment of the second instalment. No security was taken nor was any bond executed. The fact whether the Board had any assets was not enquired into. The matter regarding the execution of an agreement was first taken up in July, 1956, but in December, 1959 it was considered that no useful purpose would be served by finalising the agreement as the loanee had become defunct.

The amount of the loan was advanced by the loanee to a Co-operative Industrial Society, which went into liquidation due to mismanagement and embezzlement of funds. Neither of the bodies started any industries, and the purpose for which the loan was granted was thus defeated. Effective steps were not taken by Government at any time to ensure proper utilisation of the loan and to affect recoveries.

During evidence, before the Committee, the representative of the Ministry of Home Affairs had stated in August, 1961 that the Manager of the Society was responsible for embezzlement of funds. The Manager had disappeared with funds and consequently the Society stopped functioning after 1954. He was prosecuted and sentenced to 3 years' imprisonment.

In January, 1963 (after the presentation of the Report of the Committee), a representation was submitted to the Committee (a copy of the representation was also forwarded by the complainant to the Ministry of Home Affairs) stating that the Manager of the Society did not disappear with funds but actually handed over the charge to the Secretary of the Criminal Tribes Welfare Board. It was added that subsequent to his conviction by the 1st Class Magistrate, the Manager had been acquitted by the Additional Session Judge on an appeal.

On a reference made to them, the Ministry of Home Affairs stated in this regard in December, 1963 as follows:

> "the evidence given by the Home Secretary before the Public Accounts Committee on 19th August, 1961 was based on the information then available with the Ministry. Shri .... was in fact convicted by Shri....., Magistrate, First Class, Delhi, on 22nd November, 1956 to undergo sentence of one year under section 408 I.P.C. but subsequently on appeal he was given the benefit of doubt and acquitted on 9th September, 1957. After Shri.....'s conviction in 1956, no watch was kept on the subsequent development of the case with the result that information regarding Shri.....'s acquittal did not come to the notice of the Ministry. The omission is regretted. It may, however, be pointed out that all the information that was then available with the Ministry was placed before the Public Accounts Committee and there was no attempt to suppress or withhold any information."

It is regrettable that the Committee were not apprised of the latest position of the case when they examined the matter. Before appearing before the Committee, the representative of the Ministry of Home Affairs should have ascertained the latest position. The Committee have in their previous Reports emphasized that the representatives of the Ministries should be fully conversant with and properly briefed on various matters so that when they appear before the Committee they are more helpful in the expeditious disposal of their work. The Committee desire that instructions should be issued that the representatives of the Ministries should be able to state the latest position about the various irregularities referred to in the Audit Reports and the matters related thereto when they appear before the Committee.

Ministry of Industry

(Khadi & Village Industries Commission)

Loans for the Development of Traditional Khadi—S. No. 7, Appendix II, Pages 30 and 31, 12th Report (Third Lok Sabha).

16. The Committee of 1959-60 had pointed out that if the funds earmarked in pursuance of the policy of development of traditional Khadi were to be well-spent, the financial procedure to be followed by the Commission needed tightening up. The Committee hoped that the Commission would address itself to this matter. The Committee were informed by the Ministry of Commerce and Industry in

a note dated the 13th October, 1960 that the Financial Regulations of the Commission were expected to be finalised shortly [*vide* Appendix XXII, p. 266, Vol. II, 42nd Report of P.A.C. (2nd Lok Sabha)]. The Committee, therefore, desired to know whether the Financial Regulations had since been finalised by the Commission. The Ministry of Industry have now stated in a note (Appendix XI, Item 16) that the Financial Regulations have not yet been finalised by the Commission. In extenuation of the delay, it has been urged that the preparation of the regulations required the services of a suitable officer with considerable experience and knowledge of Government accounting, rules and procedure. The Officer, having been appointed, could not complete the work as he had to be given certain other assignments, which could not be attended to in addition. He was appointed full time in August, 1961 only. As the Commission's activities covered a wide field, the officer had to discuss the actual working of the different sections and of the trading schemes with a large number of officers and visit a number of Trading and Production Centres for collection of the requisite material. This involved much time and labour. The Ministry have further stated that the matter is still pending with the Khadi & Village Industries Commission.

The Committee are not convinced of the arguments advanced for the delay in finalising the Regulations. It is more than three years that the Committee were informed that the Regulations would be finalised shortly and, therefore, they are unable to accept that this time was not sufficient for finalising the matter. It is needless to point out that Financial Regulations are very essential for the proper functioning of the Commission. The Committee would, therefore, urge that the Ministry of Industry should themselves take the initiative in the matter to see that the Financial Regulations are finalised without any further delay.

Ministry of Information and Broadcasting

Expenditure on Inaugural Ceremonies of Buildings etc.—Para 70 of the Eighth Report (Third Lok Sabha), (Appendix IV, Serial No. 67).

17. The Committee of 1962-63 had recommended in para 70 of 8th Report (3rd Lok Sabha) that there was no justification for spending money on ceremonial functions like the inauguration of Government Buildings and Projects, especially in the present juncture, and hoped that expenditure on this account would be substantially curtailed, if not altogether avoided. The Committee were subsequently informed that the Ministry of Finance had issued instructions that on in-

augural and social functions, the expenditure should not exceed Rs. 500/- in all, including expenditure of a contingent nature like printing of invitations, provision of shamianas, refreshments, garlands, photographs etc.

In this connection, the Committee had also desired to be furnished with the information in respect of expenditure incurred on light refreshments, laying of foundation stones, opening of public buildings and inauguration ceremonies etc. by the Ministries and Departments of the Government of India during the year 1960-61. According to the information furnished by the Ministry of Finance the expenditure on various items during 1960-61 was as follows:

Expenditure on	*Amount*
Light refreshments	**Rs. 2,55,084**
Laying of foundation stones	**Rs. 10,260**
Opening of public buildings	**Rs. 14,630**
Inauguration ceremonies etc.	**Rs. 2,51,086**

The above figures appear to support the apprehension of the Committee that the Administrative Ministries had not been exercising due care and economy in incurring expenditure on these accounts in the past. The Committee, therefore, welcome the step taken by the Ministry of Finance in fixing a ceiling of Rs. 500/- in this regard. They would like to watch the results of this measure through subsequent Audit Reports.

Expenditure on Annual Reports of Public Undertakings and on publicity pamphlets etc. of Government of India (Appendix III, Sl. No. 72 of 7th Report 1962-63).

18. In view of the great need for economy in the present emergency, the Committee of 1962-63 had felt that large amounts could be saved if the Annual Reports of all Public Undertakings were produced in the simple manner of the Annual Reports of the various Ministries of the Government of India.

In this connection the Committee had desired to be furnished with information relating to the expenditure incurred by the various Public Undertakings on their Annual Reports during the years 1959-60, 1960-61 and 1961-62. The information furnished is at Appendix XIII.

The information received confirms the impression of the Committee (1962-63) that a substantial amount (Rs. 2,71,707.26 during 1961-62) is being spent in bringing out these annual reports, some of which were produced with high quality papers, coloured charts and graphs etc. The Committee therefore, reiterate that there is scope for economy in this regard and that suitable steps should be taken by the Ministries to effect economy.

19. The Committee had also asked the Ministry of Information and Broadcasting to furnish information regarding the expenditure incurred on the publicity pamphlets, periodicals etc. printed and published by the various Ministries during the three years 1959-60, 1960-61 and 1961-62. According to the information collected by the Ministry of Information and Broadcasting, the expenditure incurred on publicity pamphlets etc. of the Government of India as a whole was as follows:

1959-60	Rs. 58.7 lakhs
1960-61	Rs. 81.9 lakhs
1961-62	Rs. 85.8 lakhs

The Ministry of Information and Broadcasting have pointed out that a careful perusal of the information received by them from various Ministries and Departments of Government of India revealed that it did not give a true picture of the expenditure incurred on publicity pamphlets etc. as—

(i) The Ministries were not clear about the information they were required to furnish and had included information which did not seem strictly relevant. From the names of books as given in the statements supplied by the Ministries, it was difficult to show whether they were printed and published with the express purpose of publicity or were intended to be manuals, guides and Hand-books for use by Officers.

(ii) Some of the publications mentioned in the lists supplied by different Ministries were printed through the Chief Controller of Printing and Stationery. That Organisation had not been able to furnish the particulars of the cost of these publications because no separate records for the publicity material printed in the various Government Presses was kept.

The Committee note that the expenditure shown on the basis of information furnished by the various Ministries is not accurate and does not give a true picture. It is, however, apparent that there is

a rising trend in the expenditure on production of publicity pamphlets and other similar material of the Government of India. While the Committee have no objection to printing of publications which serve a really useful purpose for publicity etc., they feel that there is scope for economising on expenditure on this matter by cutting down wastage, using less costly material, reducing the number of copies to actual requirements to avoid subsequent weeding out, avoiding duplication of efforts by different Ministries and by combining pamphlets, periodicals etc of similar nature, wherever possible.

20. The Committee would also like the Ministry of Information and Broadcasting to obtain information from the Administrative Ministries about the expenditure incurred on publicity pamphlets, periodicals and other similar material which in the opinion of the Ministries themselves are essentially for publicity purposes and publish it in their Annual Reports from time to time.

21. The Committee would also suggest that when the Ministries get any material, essentially on publicity, printed through the Chief Controller of Printing and Stationery, they should specify that these were publicity material and the record of the cost thereon should be maintained separately.

Ministry of Irrigation and Power

Introduction of Administrative Audit in the River Valley Projects—Para 74, of the 8th Report of the Public Accounts Committee (3rd Lok Sabha) (Appendix IV, Serial No. 7).

22. In para 74 of their 8th Report (Third Lok Sabha), the Committee (1962-63) had reiterated the views expressed by them repeatedly since 1950-51 regarding the need for an early introduction of the system of Administrative Audit in the River Valley Projects on the lines of the Chief Technical Examiner's Organisation in the Central Public Works Department at the Centre. The Secretary, Ministry of Irrigation and Power had promised to furnish a note to the Committee on the subject in the light of the comments received from various Project authorities.

In a note submitted to the Committee (Appendix XIV) pursuant to the recommendation of the Committee, the Ministry have stated that the Government of India had accepted the recommendation of the Committee and they were of the view that the introduction of the Administrative Audit system in the River Valley Projects financed by the Centre was very desirable. As regards the working of the Administrative Audit authorities independently, the Ministry have stated that it was felt that it would not be advisable to introduce an

organisation independent of the Chief Engineer of the Project as that would make for division of responsibility. In the case of River Valley Projects, it was therefore suggested by the Ministry that the Quality Control Units working under the Chief Engineer of the Project should be entrusted with the task of Administrative Audit.

From the note submitted, the Committee find that while several State Governments have agreed to the suggestion, others have explained their difficulties in adopting the same. The Ministry have urged that the reactions of the State Governments are by no means final, that the idea underlying Administrative Audit is slowly catching on, and that the efforts to pursuade the State Governments to accept the suggestion are being continued. The Committee would like to be informed of the further progress made in this direction.

Ministry of Steel, Mines and Heavy Engineering (Department of Heavy Engineering)

Excess payment to consultants—Paras 35—37 of the Forty-second Report (Second Lok Sabha) Vol. I Appendix II, Serial No. 15 of 12th Report (3rd Lok Sabha).

23. While dealing with a case of excess payment to Consultants—Associated Electricals Industries Ltd., by the Heavy Electricals Ltd., the Public Accounts Committee (1961-62) in paras 35—37 of their Forty-second Report (Second Lok Sabha), had observed as follows:

> "In their opinion the agreement signed in November, 1955 duly took into account the categorical statement made by the Consultants in their letter of 19th June, 1955 to the Enquiry Committee, Heavy Electrical Equipment Project that the lumpsum payment of £400,000 would not be increased on account of their having to secure collaboration from the subsidiary Consultants.....Audit cited the opinion of the Law Ministry obtained in this connection in 1956 that any arrangement between the A.E.I. and other specialists was a matter between them only and that 'any royalty or remuneration payable to M/s. B.I.C.C. Ltd. (the subsidiary Consultants) for the permission or authorisation shall be paid by M/s. A.E.I. (the Consultants). When Ms. A.E.I. pass on the designs, drawings, manufacturing methods and technique to the Government of India, then the payment will be governed by the agreement already recorded' The Committee had observed—"in the face of this opinion, it passes the comprehension of the Committee how the subsidiary agreement contemplating additional payment was approved and accepted by the Company and the Government on 15th January, 1959....It is

also inexplicable how the letter dated 5th April, 1956 came to be issued from the late Production Ministry to M/s. A.E.I. In the absence of any evidence to prove the abrogation of the Consultant's letter dated 19th June, 1955, the Committee feel that the matter needs further investigation. It is significant in this connection that the Consultants had claimed that the subsidiary agreement which was finalised on 15th January, 1959 with the approval and acceptance of the Company and the Government had superseded the terms of their letter, dated 19th June, 1955. The Committee understand that the relevant file of the Ministry leading to the conclusion of the main agreement in November, 1955 with the technical consultants is missing for a long time. The matter, therefore, calls for a thorough investigation."

In a note (Appendix XVI Item 8) submitted to the Committee, the Ministry of Steel, Mines and Heavy Engineering have stated that "this Ministry would adhere to the earlier statement made by the then Secretary, Ministry of Commerce and Industry, when he appeared as a witness for the Public Accounts Committee, that the letter dated 19th June, 1955, pertained to the earlier stage of negotiations with the Consultants whereas the agreement which was concluded in November, 1955 provided *inter alia* that if the Consultants entered into some arrangements with other specialists in the field, Government's approval would be obtained thereto, that the additional payments consequent on the arrangement referred to, though not specifically provided for in the agreement, could not be ruled out and that it appeared that the stand taken by the Consultants in their letter dated the 19th June, 1955 was changed at the time of the final signing of the agreement".

The Committee regret to note that the Ministry have not taken any action for holding a thorough investigation in the matter as desired by the Committee, in view of the opinion of the Ministry of Law and the fact that the relevant file was missing. The Committee would, therefore, reiterate their earlier recommendation and urge that action to initiate a thorough investigation in the matter be taken without further delay.

Ministry of Transport

Shipping Development Fund—para 51, *Seventh Report* (*Third Lok Sabha*) (*Appendix III Serial No.* 44).

24. In March, 1959, a Shipping Development Fund was constituted by the Central Government with an initial loan of Rs. 1 crore.

The Fund is vested in a corporate body, *viz.* the Shipping Development Fund Committee. Loans are advanced by the Committee to Shipping Companies for the acquisition and maintenance of ships. In para 51 of the Seventh Report (Third Lok Sabha), the Committee (1962-63) had noted that the amount of loan granted to the Fund by Government and the amounts disbursed to the Shipping Companies during three years 1958-59 to 1960-61 were as under:

	Loans advanced by Government	Loans disbursed to the Shipping Companies
	(Figures in crores of Rupees)	
1958-59	1·00	
1959-60	5·06	2·87
1960-61	3·00	0·26

The Committee had observed that instead of blocking large sums of money the loans to the Fund should have been advanced on a realistic basis.

In this connection, the Ministry of Transport have submitted the following note (Appendix XVIII, Item 7):

> "The Shipping Development Fund has been set up to provide a source of permanent rupee finance for acquisition of ships. It is non-lapsable and is fed by the grant of yearly loans by the Government of India out of the provision for expansion of shipping made in the Five Year Plans. The provisions for grant of loans to the Fund are made in the Budget Estimates every year and irrespective of the fact whether sufficient loan applications have been received or not by the Shipping Development Fund Committee the provision is transferred as loan to the Fund before the close of the financial year as otherwise it would lapse. Thus there need be no connection between the demand for loans from the shipping companies received by the Fund Committee and the Committee's requirements of funds from the Government of India since the very purpose of setting up of the Fund is to build it to a sizable total and to make it a revolving Fund. It may be that in certain years there will be smaller demands for loans and in certain other years there may be bigger demands for loans from the companies. It is felt that the working of the Fund will be hampered if loans are granted to it by the Government only on the basis of actual requirements as in certain years when there may be bigger demands for loans the provision in the Budget may not be enough to meet those demands. However, the overriding factor is that in accordance with

the intention behind the Parliamentary enactment namely the M.S. Act 1958, the Plan provision made for expansion of shipping is to be transferred by yearly allotments to the Fund so that in years to come a large size non-lapsable revolving Fund for expansion of our fleet is built up.

The recommendation of the Public Accounts Committee would thus cut at the root of the creation of a non-lapsable fund".

The Committee's observation in the Seventh Report was made on the basis of the fact that the loans disbursed to the Shipping Companies from the Fund bore no relation whatsoever to the sizable loans advanced by Government to the Fund during 1959-60 and 1960-61. Since there are competing demands on the limited resources of the Government the Committee do not appreciate the observation in the Ministry's note that "there need be no connection between the demand for loans from the Shipping Companies received by the Fund Committee and the Committee's requirements of Fund from the Government of India ....." In the Committee's opinion, it is necessary that accretions to the Fund from year to year should be carefully planned keeping in view the requirements of the forthcoming year, provision for unforeseen demand and a reserve for increasing the size of the Fund gradually so as to meet the longer term demands. The Committee also suggest that the question of stepping up the tempo of disbursing loans from the Fund should be examined, so as to promote the development of shipping, instead of merely keeping the amount indefinitely locked up in the Fund.

Ministry of Works, Housing and Rehabilitation

Loss of revenue due to incomplete and improper maintenance of account—Para 241 *of* 42*nd Report, Vol. I* (2*nd Lok Sabha*).

25. The Committee drew attention to certain serious lapses namely, the non-maintenance of proper accounts for supplies of unfiltered water to private parties, omission to revise the rates and failure to recover the dues from the private parties concerned and recommended that responsibility should be fixed. The Ministry informed the Committee in their note dated 23rd October, 1963 (Appendix XX) that the disciplinary aspect was being processed, that the explanations of the officers concerned had been called for and that the case would be examined further on receipt of their replies.

The Committee understand from Audit that the explanations of the officers concerned in these cases were called for on different dates

between December, 1961 and March, 1963. The Committee are surprised that the explanations of the officers had not been received up to 23rd October, 1963, when the note was submitted to them by the Ministry. This indicates that the disciplinary aspect has been dealt with by the Ministry in a dilatory manner in spite of the specific recommendation made by the Committee as early as March, 1962. The Committee would like the Ministry to expedite the matter and apprise them of the action taken."

III

DEFENCE SERVICES ACCOUNTS

Ministry of Defence

Arrears in the linking of invoices with packing accounts—Para 11 of 4th Report (Third Lok Sabha) (Appendix II—Serial No. 13).

26. In para 11 of their 4th Report (Third Lok Sabha), the Public Accounts Committee had emphasized the importance of timely linking of invoices with packing accounts to avoid losses due to shortages, pilferage or misappropriation. The Committee (1962-63) had been informed that in the case of Air Force the number of invoices outstanding had come down to 2,057 on 31st August, 1962 from 4,877 as on 30th September, 1961. In order to ensure expeditious linking of invoices, a procedure was introduced in November, 1959, under which the D.G.I.S.D. London was required to forward both the copies of accounts with complete details by air before the despatch of stores as also the final priced invoices to all concerned.

In a note (Appendix XXI, Item 9) submitted to the Committee, the Ministry of Defence have stated the position of arrears relating to the Air Force in this regard as follows:

Year to which the invoices pertain	No. of outstanding invoices on 30. 6. 1963	Amount (In lakhs of rupees)
1948-49 to 1956-57	210	9·19
1957-58	61	34·66
1958-59	343	134·93
1959-60	489	211·62
1960-61	512	88·38
1961-62	989	36·71
1962-63	975	41·51
	3,579	557·00

It has been stated that every effort has been made to liquidate all the unlinked invoices but the manning position of equipment assistants has been below the requirements. Further, it has been added that a considerable number of new units are being raised in view of the emergency, and manpower had to be found for these units as well

Consequently, progress in the linking of invoices has not been as good as desired. The permanent boards of officers functioning at all units to speed up the clearance of outstanding vouchers/invoices/packing accounts have been making all possible efforts to link invoices from 1st April, 1957 to 31st March, 1961.

The Committee feel concerned at the increase of outstanding invoices relating to the Air Force from 2,057 to 3,579 (involving Rs. 5·57 crores) as on 30th June, 1963. The amounts against the invoices relating to the years 1958-59 and 1959-60 alone are Rs. 1·35 crores and Rs. 2·12 crores respectively. The Committee desire that determined efforts should be made to liquidate these arrears.

Future set up of Soldiers', Sailors' and Air Men's Board—para 43 of the Fourth Report (Third Lok Sabha)—*(Appendix II—Serial No.* 46).

27. The financial transactions of the Soldiers', Sailors' and Air Men's Board have been kept outside the Consolidated Fund of India. The Committee (1962-63) were informed during the evidence that it had been decided to treat these Boards as departments of the respective State Governments. A reference to that effect had already been made to the State Governments but replies from all the State Governments had not yet been received. In a note (Appendix XXI, Item 27) submitted to the Committee, the Ministry of Defence have stated that so far Rajasthan, Assam, West Bengal and Himachal Pradesh have agreed to make the Boards permanent departments of Government and, among them, the Government of Assam and the Himachal Pradesh Administration have issued the necessary orders. Replies from the remaining State Governments and Administrations are still awaited.

The Committee desire that the matter should be vigorously pursued with the State Governments and Administrations concerned and the final decision taken in this regard communicated to the Committee.

Pension Payments—Para 10 *of* 17*th Report (Second Lok Sabha)—Serial No.* 28 *of Appendix I of* 11*th Report (Third Lok Sabha)—Part III.*

28. In para 10 of their 17th Report (Second Lok Sabha), the Committee had suggested that Government should review the rules and regulations relating to the sanction of pensions on the Defence side, as these were so complicated that it was almost impossible to sanction payments of pension in time. The Committee were informed that ways and means of eliminating sources of delays as well as actual

delays in settling pensionary claims in respect of personnel of the Defence Services were under examination. The Committee (1962-63) desired to be furnished with the latest position regarding the review of pension regulations and the measures taken to remove delay in pension payments. (c.f. Serial No. 28 of Part III of 11th Report—Third Lok Sabha).

In a note submitted to the Committee (Appendix XXI, Item 32), the Ministry of Defence have stated (August, 1963), that the general review of Pensions Regulations for the Defence Services that had been in progress, with the aim of making the Regulations upto date, was completed in 1961 and the revised Pension Regulations for Army and Air Force were published on the 4th April, 1961. Pension Regulations for the Navy had not been published so far. This has been stated to be for the reason that the Naval Regulations, unlike the Regulations for Army and Air Force, are required to be statutory regulations made under the Navy Act, 1957. To suit legal forms and requirements, the phraseology of the Regulations is said to be under examination in consultation with the Ministry of Law. The Navy (Pensions) Regulations, 1963, are expected to be published shortly.

The Ministry have also intimated that they have taken the following measures to avoid delay in finalisation of pension cases:

(i) A proposal to empower sanctioning authorities to issue sanctions to pensions two months before the date from which the orders are to take effect, has been accepted and the decision in this regard incorporated in the revised Pension Regulations.

(ii) Proposals for delegation of powers on various matters to the Chiefs of Staff and to other authorities have been finalised and orders issued in this respect on the 4th July, 1960.

(iii) With a view to minimising the delays which occur in the verification, through the local civil authorities, of particulars of claimants to family pension, the work relating to investigation and verification of family pension claims in respect of JCOs/ORs/NCs (E), and corresponding ranks of the Navy and Air Force, was transferred from D.S.S. & A. Boards to the Recruiting Organisation with effect from 1st April, 1960. However, on account of the heavy recruitment programme during present Emergency, the Recruiting Organisation found it difficult to cope up with the work relating to investigation of family pension claims. The work, has, therefore, been transferred back to the D.S.S. & A. Boards as a temporary measure for the duration of the present Emergency from November, 1962.

Apart from the above, a number of proposals aimed at further speeding up disposal of and curtailing avoidable delays in finalisation of pension cases are stated to be under consideration of Government.

While the Committee are glad to note the measures taken by Government to avoid delays in the finalisation of pension cases of officers and personnel of Defence Services, they desire that the matter should be kept under constant review in order to watch that the retiring personnel or their families are not put to hardship because of delays in the payment of pension dues, gratuity etc. The Committee would like to be informed of the details of new proposals aimed at further speeding up disposal of and curtailing avoidable delays in finalisation of pension cases as soon as they are finalised and implemented.

The Committee would also like to watch the position through future Audit Reports.

Establishment of a fully equipped modern plant for manufacture of certain latest types of ammunition—Paras 29—31 *of the* 17*th Report (Second Lok Sabha) Serial No.* 40 *of Appendix I of* 11*th Report (Third Lok Sabha)—Part III.*

29. A reference was made in paras 29—31 of the 17th Report of the Public Accounts Committee (2nd Lok Sabha) regarding an agreement entered into by Government with a foreign company (a Swiss firm) for the establishment of a fully equipped and up-to-date plant for the manufacture of certain types of ammunition of two calibres.

The production of two types of smaller calibre ammunition was established and their regular production was undertaken from 1954-55 and 1955-56. In regard to the third type of smaller calibre ammunition, its manufacture could not be started owing to extensive failure in proof. The manufacture of the higher calibre ammunition was discontinued in 1954 as the user service preferred British design to the Company's design.

The overall cost of the project including payments to the company, expenditure on buildings, plant and machinery etc. was revised in 1955 from Rs. 370 lakhs to Rs. 470 lakhs. The ceiling fixed in the contract for the cost of services, machinery and equipment etc. payable to the firm, was Rs. 125·27 lakhs, against which an expenditure of Rs. 164 lakhs (approximately) had been incurred, thus exceeding the ceiling. The excess payment was made to the firm without prejudice.

The Committee (1958-59) had desired to be furnished with a detailed note on this case. The note was submitted by the Ministry

of Defence in March, 1960 and has been given at Appendix XXXII to the 11th Report of the Committee (Third Lok Sabha)—Part III. The Committee (1962-63) deferred consideration of the matter and further information on the following points was called for from the Ministry of Defence in April, 1963:

(a) progress made in the production of the third type of lower calibre ammunition and the total amount of loss incurred so far on its production,

(b) the total expenditure incurred on the project so far and the payments made to the Swiss firm,

(c) settlement of Government's claims against the firm and of the payments made to them without prejudice,

(d) whether there is requirement still of the lower calibre ammunition by the Air Force and whether the plant and machinery are being utilised for a newer type of ammunition as was expected by the Ministry, and

(e) utilisation of the plant and machinery (valuing Rs. 17·91 lakhs) for the production of the latest type of higher calibre ammunition.

The Committee desire that the information should be furnished to them early.

Unsatisfactory storage conditions in an Ordnance Factory and Consequent losses—Paras 45—47 of the 35th Report (Second Lok Sabha) Serial No. 147 of Appendix I of Eleventh Report (Third Lok Sabha)—Part III.

30. A Board of Enquiry convened by the Director-General, Ordnance Factories in November, 1956, to investigate into the heavy losses of stores in an ordnance factory during the period 1949—57, reported in 1957, that an overall loss of over Rs. 174 lakhs had occurred and that the factory management was to a great extent responsible for the loss.

At the instance of the Committee, the Ministry of Defence furnished a note stating the latest position regarding the investigation of losses, which is reproduced at Appendix LXXXIX to the 11th Report (Third Lok Sabha)—Part III. The Committee (1962-63) had desired to be furnished with the position in regard to the following points:

(1) the action to regularise losses amounting to Rs. 14·23 lakhs,

(2) final decision regarding utilisation or disposal of two items valued at Rs. 3·3 lakhs,

(3) results of investigation of losses amounting to Rs. 16·14 lakhs.

As regards disciplinary action taken, the Committee had observed that the action taken in this case was confined to lower staff. They had desired to know the reasons for dropping action against three supervisors who were charge-sheeted.

The Committee regret to point out that the requisite information has not yet been furnished to them. They desire that the progress made in the regularisation/investigation of the outstanding losses should be furnished to them without further delay.

NEW DELHI;
April 25, 1964.
Vaisakha 5, 1886 (*Saka*).

R. K. KHADILKAR,
Chairman,
Public Accounts Committee.

PART II

[Proceedings of the Sitting of the P.A.C. held on the 25th April, 1964]

Proceedings of the Seventy-eighth sitting of the Public Accounts Committee held on Sunday, the 25th April, 1964

The Committee sat from 10.30 to 10.50 hours.

PRESENT

Shri R. K. Khadilkar—*Chairman.*

MEMBERS

2. Shri S. C. Balakrishnan
3. Shri J. B. S. Bist
4. Sardar Kapur Singh
5. Shrimati Maimoona Sultan
6. Shri Ravindra Varma
7. Shri P. Venkatasubbaiah
8. Shri Vishram Prasad

Shri R. K. Khanna—*Accountant General, Central Revenues.*

Shri P. K. Rau—*Accountant General, Commerce, Works and Miscellaneous.*

SECRETARIAT

Shri H. N. Trivedi—*Deputy Secretary.*
Shri Y. P. Passi—*Under Secretary.*
Shri R. M. Bhargava—*Under Secretary.*

The Committee approved their Draft Twenty-sixth Report on Action taken by Government on the Outstanding Recommendations of the Committee relating to Civil Accounts and Defence Services Accounts with certain modifications here and there.

The Committee authorised the Chairman to sign and present the Report on their behalf. They also authorised Shrimati Maimoona Sultan to present the Report in case of absence of Chairman.

The Committee then adjourned.

APPENDIX I

List of recommendations of the Committee in respect of which the notes are still awaited

Para No. of P.A.C. Report	Appendix No./ Serial No.	Ministry/Department concerned
	(I) CIVIL ACCOUNTS	
1. Para 20 of 8th Report (1962-63)	IV (17)	Community Development & Co-operation (Department of Community Development)
2. Paras 28, 34, and 82 of 8th Report (1962-63)	IV (25), (31), (79)	Education
3. Para 80 of 7th Report (1962-63)	III (73)	Finance
4. Paras 51 (*iii*), 63(*ii*) and 129 (*i*) of 8th Report (1962-63)	IV (48), (60), (126)	Finance
5. Paras Nos. 6, 7, 11, 12, 13, 14, 15, 16, 17, 21 and 23 of 9th Report (1962-63)	IV (6), (7), (9), (10), (11), (12), (13), (14), (15), (19), (21).	Finance
6. Paras 54, 56 and 57 of 8th Report (1962-63)	IV (51), (53), (54)	Food & Agriculture (Department of Food)
7. Paras 64 to 69 of 8th Report (1962-63)	IV (61 to 66)	Home Affairs.
8. Paras 57 [except sub-para (4)] 59, 60, 63, 64, 65, 67 and 69 of 7th Report (1962-63)	III (50) (52), (53), (56), (57), (58), (60), (62)	Industry
9. Paras 72 and 75 of 7th Report (1962-63)	III (65), (68)	International Trade
10. Para 71 of 8th Report (1962-63)	IV (68)	Information and Broadcasting
11. Para 72 of 8th Report (1962-63)	IV (69)	Irrigation and Power

Para No. of P.A.C. Report.	Appendix No./ Serial No.	Ministry/Department concerned
12. Para 80 (*i*) of 8th Report 1962-63)	IV (77)	Labour and Employment
13. Paras 16 to 19, 21 and 22 of 7th Report (1962-63)	III (12-13), (15), (16)	Steel, Mines & Heavy Engineering (Department of Heavy Engineering)
14. (*a*) Paras 32 to 36 of 7th Report (1962-63)	III (26-30)	Department of Iron and Steel
(*b*) Paras 85 to 96 of 8th Report (1962-63)	IV (82-93)	Department of Iron and Steel
(*c*) Paras 5 to 7 of 12th Report (1962-63)— (Appendix I)	I (5 to 7)	Department of Iron and Steel
15. Para 77 of 7th Report (1962-63)	III (70)	Department of Mines and Metals
16. Paras 12 and 14 of 7th Report (1962-63)	III (7), (9)	Transport
17. Para 9 of 8th Report (1962-63)	IV (6)	Transport
18. Paras 121 to 124 of 8th Report (1962-63)	IV (118-121)	Works, Housing & Rehabilitation (Department of Rehabilitation)
19. (*a*) Para 8 (*vii*) of 3rd Report (1962-63)	XV (11)	Department of Works & Housing
(*b*) Paras 97, 99, 100, 102, 104, 106, 107, 109, 111, 113 and 114 of 8th Report (1962-63)	IV (94), (96), (97), (99), (101), (103), (104), (106), (108), (110), (111).	Department of Works & Housing
(*c*) (Para 266 of 42nd Report (1961-62) and Serial No. 149 of Appendix II to 12th Report (1962-63)	II (149)	Department of Works & Housing

Para No. of P.A.C. Report.	Appendix No. Serial No.	Ministry/Department concerned
(II) DEFENCE SERVICES ACCOUNTS		
20. (*a*) Paras 4 (Intr), 1, 2, and 5 of the 4th Report (1962-63)	II (2), (3), (4), (7)	Defence Finance (Defence)
(*b*) Paras 17, 22, 23, 24, 25, 26, 28(*a*), 28(*b*) 28(*c*) 31, 32, 33, 37, 38, of 4th Report (1962-63)	II (19), (24), (25), (26), (27), (28), (30),(31),(32),(34),(35), (36), (40),(41)	Defence
Para 44 of 4th Report (1962-63)	II (47)	Defence Finance
(*c*) Paras 2, 7, 9, 11, 13, 15, 19, 20, 22, of 11th Report (1962-63)—Part I	III (1), (6), (10), (11), (13), (17), (18), (20)	Defence
Paras 3, 4, 5, 6, 8, 10 of 11th Report (1962-63)— Part I	III (2), (3), (4), (5), (7), (9)	Defence/W.H. &R.
Paras 16, & 18 of 11th Report (1962-63)—Part I	III (14), (16)	Defence/Supply

APPENDIX II

Summary of main Conclusions/Recommendations

Serial No:	Para No.	Ministry/Deptt. concerned	Conclusions/Recommendations
1	2	3	4
1	1	Finance/Defence/ All other Ministries	While Committee are glad to observe that there had been some improvement in the furnishing of the statements by the various Ministries pursuant to the recommendations of the Committee, they still find that in a number of cases, these statements are over due for more than 1 year. The Committee trust that the Ministries will pay greater attention to this matter and expedite the submission of these notes within the time limits prescribed by them.
2	3	Do.	As regards notes/statements furnished by the Ministries pursuant to recommendations of the Committee contained in their Reports of 2nd Lok Sabha (Appendix II to 12th Report), relating to Civil Accounts and Part III of Eleventh Report (3rd Lok Sabha) relating to Defence Services Accounts comments in selected cases have been detailed in this Reports; the Committee do not wish to make any comments on the remaining items. These notes have not been appended to the Report. The Committee, however, trust that necessary action will continue to be taken on these cases in the light of their observations/recommendations made earlier.

1	2	3	4
3	4	Education / External Affairs/ Deptt. of Supply/Rehabilitation, Works, and Housing/Defence	In the cases mentioned in para 4 of the Report replies furnished by the Ministries are of an interim nature and the Committee would, therefore, await further reports thereon.
4	5	All Ministries . . .	A list of recommendations of the Committee in respect of which the notes are still awaited is given in Appendix I. The Committee desire that the submission of these notes may be expedited.
5	6	Education	The Committee feel concerned over the inordinate delay in taking a final decision about presentation of Audit Reports on the Accounts of the Central Universities to Parliament. They would like to point out in this connection that as early as 1954-55 in pursuance of the recommendation of the Public Accounts Committee in their 7th Report (1952-53), the Ministry of Education had informed the Committee *inter alia* that early steps would be taken to make a statutory provision for submitting the Audit Reports of the Comptroller & Auditor General on all the Central Universities to Parliament (Para 43 of 15th Report, 1st Lok Sabha). Further more than two years have elapsed since the Committee last reiterated their views in this regard. The Committee, therefore, cannot help observing that this matter has not been given the attention it deserves. They trust that the final decision would now be expedited.
6	7	Finance	The Committee hope that an early decision will be taken by the Ministry of Finance about the desirability of keeping Parliament informed when the basis and pattern of Central assistance to the States as originally approved by Parliament subsequently undergoes a change. The Committee would like to be apprised of the decision.

7	8	Food and Agriculture (Deptt. of Agriculture)/Home Affairs	The Committee regret that apart from the undue delay in completing the departmental proceedings, the question of fixing responsibility on the supervisory officers for the defective supervision has not been taken up at all and is proposed to be postponed until the enquiry against the cashier is completed. The Committee consider it important that in all such cases the investigation of responsibility for failure of supervision should be taken up at a very early stage and completed without delay; the postponement of such action for a period of some years will not serve any useful purpose. The Committee recommend that suitable procedural instructions should be issued by Government for the guidance of all concerned.
8	9	Food and Agriculture (Agriculture)/Finance/ All Ministries	The Committee would like to emphasise again that the representatives of the Ministries and Departments appearing before the Committee should come fully posted wth facts and furnish accurate information to the Committee. They would also invite attention in this connection to para 15 of this Report.
9	10	Food & Agriculture (Agriculture)	While the Committee note the steps taken by the Ministry to ensure that the licencee in North Andamans does its job strictly in accordance with the North Andamans Agreement of Licence, they observed that the arbitration proceedings in this case have not yet been finalised. They would reiterate their earlier recommendation that this should be expedited and the Committee informed of the results.
10	11	Works & Housing/ Food & Agriculture (Agriculture)	The Committee were informed by the Ministry of Works, Housing and Rehabilitation (Deptt. of Works and Housing) that the Government had since referred the whole dispute *i.e.*, the claim of the Bharat Krishak Samaj as well as the claim of the Government about World Agriculture Fair to Arbitration. The Committee would like to await the result of arbitration.

1	2	3	4
11	12	Food and Agriculture (Agriculture) Finance	The Committee (1962-63) had recommended that in cases where financial assistance is given to Societies or Organisations which resort to profit making, it should be in the form of loans and not grants. The Committee have not yet been informed of the final decision taken in this regard. They desire that this should now be expedited.
12	13	Home Affairs	As regards observations of the Committee that it would be advisable for the Government to lay down certain broad and healthy conventions and formalities to be observed by persons holding high official position when they are either participants or patrons of non-official organisations which have any financial dealings with the Government, the Committee have been informed by the Ministry of Home Affairs that some instructions in this regard have already been issued for the guidance of the State Governments (copies of which were also endorsed to all the Ministries). However, the question of issuing further instructions on the subject was stated to be under consideration. The Committee would like the Ministry to expedite this matter and to apprise them of the instructions issued.
13	14	Food and Agriculture (Deptt. of Agriculture) Finance.	The Committee also consider that in future, where Government Departments or statutory corporations take up, on rent, land etc. leased earlier by Government to outside parties, the rent payable and the dates on which they should be paid should be settled in consultation with the Ministry which originally leased out the land to the outside parties concerned. [In this connection, the Committee would invite a reference to another case of this kind reported in paragraph 24 of their Eighteenth Report

			(Third Lok Sabha) in which they have commented upon the irregular financial benefit derived by the Delhi Cloth Mills by their leasing to the Hindustan Insecticides Ltd. (a Government concern) a portion of the land originally allotted to the Mills by the Delhi Development Authority].
14	15	Home Affairs . . .	It is regrettable that the Committee were not apprised of the latest position of the case relating to non-recovery of loan paid to the Criminal Tribe Welfare Board when they examined the matter. Before appearing before the Committee, the representative of the Ministry of Home Affairs should have ascertained the latest position. The Committee have in their previous Reports emphasized that the representatives of the Ministries should be fully conversant with and properly briefed on various matters so that when they appear before the Committee they are more helpful in the expeditious disposal of their work. The Committee desire that instructions should be issued that the representatives of the Ministries should be able to state the latest position about the various irregularities referred to in the Audit Reports and the matters related thereto when they appear before the Committee.
15	16	Industry	The Committee are not convinced of the arguments advanced for the delay in finalising the Regulations of the Khadi & Village Industries Commission. It is more than three years that the Committee were informed that the Regulations would be finalised shortly and, therefore, they are unable to accept that this time was not sufficient for finalising the matter. It is needless to point out that Financial Regulations are very essential for the proper functioning of the Commission. The Committee would, therefore urge that the Ministry of Industry should themselves take the initiative in the matter to see that the Financial Regulations are finalised without any further delay.

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16	17	Finance All Ministries	The Committee had desired to be furnished with the information in respect of expenditure incurred on light refreshments, laying of foundation stones, opening of public buildings and inauguration ceremonies etc. by the Ministries and Departments of the Government of India during the year 1960-61. According to the information furnished by the Ministry of Finance the expenditure on various items during 1960-61 was as follows : *Expenditure on* — *Amount* Rs. Light refreshments . . . . . Rs. 2,55,084 Laying of foundation stones . . . . . Rs. 10,260 Opening of public buildings . . . . . Rs. 14,630 Inauguration ceremonies etc. . . . . Rs. 2,51,086 The above figures appear to support the apprehension of the Committee that the Administrative Ministries had not been exercising due care and economy in incurring expenditure on these accounts in the past. The Committee, therefore, welcome the step taken by the Ministry of Finance in fixing a ceiling of Rs. 500/- in this regard. They would like to watch the results of this measure through subsequent Audit Reports.
17	18	Finance All Ministries	The information received from various Ministries about expenditure incurred on Annual Reports of Public Undertakings confirms the impression of the Committee (1962-63) that a substantial amount (Rs. 2,71,707·26 during 1961-62) is being spent in bringing out these annual reports, some of which were produced with high quality papers. coloured charts and graphs etc. The Committee therefore, reiterate, that there is scope for economy in this regard

			and that suitable steps should be taken by the Ministries to effect economy.
18	19	Information and Broadcasting, Finance All Ministries	The Committee note that the expenditure incurred in publicity pamphlets, etc. as shown by the Ministry of Information and Broadcasting on the basis of information furnished by the variour Ministries is not accurate and does not give a true picture. It is, however, apparent that there is a rising trend in the expenditure on production of publicity pamphlets and other similar material of the Government of India. While the Committee have no objection to printing of publications which serve a really useful purpose for publicity etc., they feel that there is scope for economising on expenditure on this matter by cutting down wastage, using less costly material, reducing the number of copies to actual requirements to avoid subsequent weeding out, avoiding duplication of efforts by different Ministries and by combining pamphlets. periodicals etc. of similar nature, wherever possible.
19	20	Information and Broadcasting	The Committee would also like the Ministry of Information and Broadcasting to obtain information from the Administrative Ministries about the expenditure incurred on publicity pamphlets, periodicals and other similar material which in the opinion of the Ministries themselves are essentially for publicity purposes and publish it in their Annual Reports from time to time.
20	21	Finance All Ministries	The Committee would also suggest that when the Ministries get any material, essentially on publicity, printed through the Chief Controller of Printing and Stationery, they should specify that these were publicity material and the record of the cost thereon should be maintained separately.

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21	22	Irrigation and Power	The Committee find that while several State Governments have agreed to the suggestion of introduction of the system of Administrative Audit in the River Valley Projects, others have explained their difficulties in adopting the same. The Ministry have urged that the reactions of the State Governments are by no means final, that the idea underlying Administrative Audit is slowly catching on, and that the efforts to pursuade the State Governments to accept the suggestion are being continued. The Committee would like to be informed of the further progress made in this direction.
22	23	Steel, Mines & Heavy Engineering (Heavy Engineering)	The Committee regret to note that the Ministry have not taken any action for holding a thorough investigation regarding excess payment to Consultants as desired by the Committee, in view of the opinion of the Ministry of Law and the fact that the relevant file was missing. The Committee would, therefore, reiterate their earlier recommendation and urge that action to initiate a thorough investigation in the matter be taken without further delay.
23	24	Transport	The Committee's observation in the Seventh Report (3rd Lok Sabha) was made on the basis of the fact that the loans disbursed to the Shipping Companies from the Shipping Development Fund bore no relation whatsoever to the sizable loans advanced by Government to the Fund during 1959-60 and 1960-61. Since there are competing demands on the limited resources of the Government, the Committee do not appreciate the observation in the Ministry's note that "there need be no connection between the demand for

			loans from the Shipping Companies received by the Fund Committee and the Committee's requirements of Fund from the Government of India....." In the Committee's opinion, it is necessary that accretions to the Fund from year to year should be carefully planned keeping in view the requirements of the forth-coming year, provision for unforeseen demand and a reserve for increasing the size of the Fund gradually so as to meet the longer term demands. The Committee also suggest that the question of stepping up the tempo of disbursing loans from the Fund should be examined, so as to promote the development of shipping, instead of merely keeping the amount indefinitely locked up in the Fund.
24	25	Works and Housing	The Committee understand from Audit that the explanations of the officers concerned in the case of loss of revenue due to incomplete and improper maintenance of account were called for on different dates between December, 1961 and March, 1963. The Committee are surprised that the explanations of the officers had not been received up to 23rd October, 1963, when the note was submitted to them by the Ministry. This indicates that the disciplinary aspect has been dealt with by the Ministry in a dilatory manner in spite of the specific recommendation made by the Committee as early as March, 1962. The Committee would like the Ministry to expedite the matter and apprise them of the action taken."
25	26	Defence	The committee feel concerned at the increase of outstanding invoices relating to the Air Force from 2,057 to 3,579 (involving Rs. 5·57 crores) as on 30th June, 1963. The amounts against the invoices relating to the years 1958-59 and 1959-60 alone are Rs. 1·35 crores and Rs. 2·12 crores respectively. The Committee desire that determined efforts should be made to liquidate these arrears.

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26	27	Defence.	The Committee desire that the matter concerning establishment of the Soldiers' Sailors' and Airmen's Boards as permanent departments of the respective State Governments should be vigorously pursued with the State Governments and Administrations concerned and the final decision taken in this regard communicated to the Committee.
27	28	Defence.	While the Committee are glad to note the measures taken by Government to aovid delays in the finalisation of pension cases of officers and personnel of Defence Services, they desire that the matter should be kept under constant review in order to watch that the retiring personnel or their families are not put to hardship bacause of delays in the payment of pension dues, gratuity etc. The Committee would like to be informed of the details of new proposals aimed at further speeding up disposal of and curtailing avoidable dealys in finalisation of pension cases as soon as they are finalised and implemented. The Committee would also like to watch the position through future Audit Reports.
29	29	Defence.	The Committee (1962-63) deferred consideration of the case referred to in para 29 of this Report and further information on the following points was called for from the Ministry of Defence : (a) progress made in the production of the third type of lower calibre ammunition and the total amount of loss incurred so far on its production,

			(b) the total expenditure incurred on the project so far and payments made to the Swiss firm, (c) settlement of Government's claims against the firm and of the payments made to them without prejudice, (d) whether there is requirement still of the lower calibre ammunition by the Air Force and whether the plant and machinery are being utilised for a newer type of ammunition as was expected by the Ministry, and (e) utilisation of the plant and machinery (valuing Rs. 17·91 lakhs) for the production of the latest type of higher calibre ammunition. The Committee desire that the information should be furnished to them early.
29	30	Defence.	In the case referred to in para 27 of this Report, the Committee (1962-63) had desired to be furnished with the position in regard to the following points: (1) the action to regularise losses amounting to Rs. 14·23 lakhs, (2) final decision regarding utilisation or disposal of two items valued at Rs. 3·3 lakhs, (3) results of investigation of losses amounting to Rs. 16·14 lakhs.

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			As regards disciplinary action taken, the Committee had observed that the action taken in this case was confined to lower staff. They had desired to know the reasons for dropping action against three supervisors who were charge-sheeted. The Committee regret to point out that the requisite information has not yet been furnished to them. They desire that the progress made in the regularisation/investigation of the outstanding losses should be furnished to them without further delay.